

DEEMERCPA & CONSULTING
SERVICES, LLCBRENDEN W. DEEMER, CPA
brendendeemer@aol.com**ST. JOHN #5 BAPTIST CHURCH, INC.**
(a Non-Profit Organization)**Independent Auditor's Report and Financial Statements**
For the Year Ended December 31, 2009

Deemer CPA and Consulting Services, LLC

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/25/10

St. John #5 Baptist Church, Inc.
Table of Contents

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Functional Expenses	9
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10-11
Schedule of Findings and Questioned Costs	12
Status of Prior Audit Findings	14
Management's Plan for Resolving Audit Findings	15



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

Independent Auditor's Report

To the Board of Directors of St. John #5 Baptist Church:

I have audited the accompanying statement of financial position of St. John #5 Baptist Church, Inc. (a non-profit organization) (hereinafter referred to as St. John) as of December 31, 2009, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of St. John's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St John #5 Baptist Church, Inc. and the results of operations and its cash flows for the year then ended December 31, 2009, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 22, 2010 on my consideration of St. John's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of St. John taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Reemer CPA and Consulting Services, LLC
New Orleans, Louisiana
June 22, 2010

**St. John #5 Baptist Church, Inc.
Statement of Financial Position
As of December 31, 2009**

<u>Assets</u>	
Current:	
Cash	\$ 121,701
Grant Receivable	15,924
Note Receivable	<u>17,700</u>
Total Current Assets	\$ 155,325
<u>Fixed Assets</u>	
Buildings	340,000
Equipment	50,142
Accumulated Depreciation	<u>(105,588)</u>
Total Fixed Assets (Net)	<u>284,554</u>
Total Assets	<u>\$ 439,879</u>
<u>Liabilities and Net Assets</u>	
Deferred Revenue	\$ 82,653
Payroll Taxes Payable	98,623
Note Payable (Current)	<u>8,816</u>
Total Current Liabilities	191,092
Note Payable (Long-Term)	<u>80,061</u>
Total Liabilities	\$ 271,153
<u>Net Assets</u>	
Unrestricted	<u>168,726</u>
Total Net Assets	<u>168,726</u>
Total Liabilities and Net Assets	<u>\$ 439,879</u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Statement of Activities
For the Year Ended December 31, 2009

	<u>Unrestricted</u>
Revenues	
Grant Revenue	\$ 462,533
Tithes & Offerings	<u>255,378</u>
Total Revenue	<u>\$ 717,911</u>
Expenses	
Program Services	\$ 471,848
Support Services	<u>222,046</u>
Total Expenses	<u>693,894</u>
Change In Net Assets	24,017
Net Assets At Beginning Of Year	\$ 243,332
Prior Period Adjustment	<u>(98,623)</u>
Net Assets At Beginning Of Year, adjusted	<u>\$ 144,709</u>
Net Assets At End Of Year	<u><u>\$ 168,726</u></u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2009

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 24,017
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	32,322
Changes in Operating Assets and Liabilities	
Grant Receivable	2,214
Note Receivable	3,500
Deferred Revenue	5,005
Line of Credit	<u>(44,757)</u>
Net Cash Provided by Operating Activities	22,301

Cash Flows From Investing Activities:

Purchase/Sale of Assets	<u>0</u>
Net Cash Used by Investing Activities	0

Cash Flows From Financing Activities:

Payment of Debt	<u>(9,932)</u>
Net Cash Used by Financing Activities	<u>(9,932)</u>
Net Cash Increase for Period	12,369
Cash, At Beginning of Period January 1, 2009	<u>109,332</u>
Cash, At End of Period December 31, 2009	<u><u>\$ 121,701</u></u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2009

1. Summary of Significant Accounting Principles

General - St. John #5 Baptist Church, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in New Orleans and its' surrounding area. The agency's operations are funded primarily through federal and state grants, and private foundations.

Basis of Accounting - St. John's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment - Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by St. John. The estimated useful lives of these assets range from 3 to 27 years.

Income Taxes - St. John has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash - Cash is comprised of cash on hand and in banks.

2. Net Assets - A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by St. John and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2009, St. John had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

3. Property and Equipment

Property and Equipment consisted of the following at December 31, 2009:

Equipment and Office Furniture	\$ 340,000
Buildings	50,142
Less: Accumulated Depreciation	<u>(105,588)</u>
Total Property and Equipment	<u>\$ 284,554</u>

Current year depreciation expense was recorded at \$32,322.

4. Grants Receivable

As of December 31, 2009 grants receivable consists of the following:

Department of Health and Hospitals	\$ 15,924.00
------------------------------------	--------------

5. Deferred Revenue

Funds totaling \$178,000 were received by the agency from a private foundation in September 2009, while the program associated with this funding extended into calendar year 2010. The unexpended funds totaled \$82,653 and are recorded as deferred revenue at December 31, 2009.

6. Note Payable

The agency is indebted to a local financial institution in the amount of \$99,809 secured by two properties.

The maturity of the long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2010	9,816
2011	9,874
2012	10,245
2013	11,120
2014 and thereafter	<u>48,822</u>
Total	<u>\$ 89,877</u>

Interest expense for the long-term debt was \$9,446 at December 31, 2009.

7. Economic Dependency

St. John receives its funding primarily from federal and state grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

8. Note Receivable

The agency is owed \$17,700 by a key employee. Payments are being made on the note through payroll deductions. These funds were advanced from tithes and offerings and contributions.

9. Prior Period Adjustment

Management is in the process of applying for an Offer In Compromise with the Internal Revenue Service for unpaid payroll taxes. The taxes, penalties, and interest due at December 31, 2009 was estimated at \$98,623.

SUPPLEMENTAL INFORMATION

St. John #5 Baptist Church, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2009

EXPENSE	Support Services			TOTAL
	CHURCH	GENERAL & ADMINISTRATION	PROGRAM SERVICES	
PAYROLL EXPENSES	6,185	31,768	251,161	289,094
PAYROLL TAXES	0	1,150	33,279	34,429
ADVERTISING/MEDIA	16,995	1,860	20,136	38,991
EDUCATIONAL MATERIALS	175	0	116	291
BANK SERVICE CHARGES	150	2,319	190	2,659
CONTRIBUTIONS/DONATIONS	6,275	625	150	7,050
DUES & SUBSCRIPTIONS	5	145	0	150
INSURANCE	5,122	4,387	15,160	24,669
LICENSES & PERMITS	25	305	0	330
POSTAGE & DELIVERY	19	17	553	589
PRINTING & REPRODUCTION	1,014	160	4,411	5,585
PROFESSIONAL FEES	2,461	3,753	46,910	53,124
TELEPHONE	2,112	2,967	7,335	12,414
TRAVEL & ENTERTAINMENT	1,755	3,179	11,162	16,096
UTILITIES	5,275	1,702	2,845	9,822
OFFICE SUPPLIES	462	359	11,496	12,317
SUPPLIES	15,314	2,384	54,905	72,603
REPAIRS & MAINTENANCE	32,753	2,721	2,199	37,673
DEPRECIATION EXPENSE	0	32,322	0	32,322
INTEREST EXPENSE	4,363	5,083	0	9,446
RENT EXPENSE	10,000	179	9,400	19,579
MISCELLANEOUS	467	6,672	0	7,139
PROPERTY TAXES	14	0	0	14
MISSION EXPENSE	810	0	0	810
CONFERENCES	0	0	440	440
VAN EXPENSE	5,453	160	0	5,613
CONTRACT LABOR	645	0	0	645
Total Expense	\$ 117,829	\$ 104,217	\$ 471,848	\$ 693,894



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

To the Board of Directors of
St. John #5 Baptist Church, Inc.

I have audited the financial statements of St. John Baptist Church, Inc. as of and for the year ended December 31, 2009, and have issued my report thereon dated June 22, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered St. John's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. John's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of St. John's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses. They are identified as Finding 09-1 through 09-3 as listed in the schedule of findings and questioned costs. These are also repeat findings from the prior year.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. John's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, St. John #5 Baptist Church Board of Directors, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deemer CPA and Consulting Services, LLC

June 22, 2010

St. John #5 Baptist Church, Inc.
Current Year Findings and Questioned Costs
For the Year Ended December 31, 2009

09-01 Excessive Use of Journal Entries

Statement of Condition: There are numerous journal entry postings to the agency's general ledger.

Criteria: Industry standards support the use of check postings and deposit postings (initial source documents) as the source of transactions.

Effect of Condition: There were numerous journal entries that had to be explained by the agency's accountant and time consuming efforts made to find the backup for the entries.

Cause of Condition: Management must implement procedures to ensure that financial statements are completed monthly and include detailed postings of transactions.

Recommendation: The accountant should limit the use of journal entry postings in the agency's general ledger.

09-02 Checks Issued to "CASH"

Questioned Costs: \$6,082.50

Statement of Condition: There are numerous checks written to cash throughout the audit period and categorized as miscellaneous expenditures.

Criteria: Checks should be written to identifiable payees, in order to provide an audit trail for the transaction.

Effect of Condition: Certain transactions could not be traced to supporting documentation.

Cause of Condition: Management must implement procedures to ensure that checks are written to identifiable payees.

Recommendation: Checks should not be written to "Cash".

09-03 Unpaid Payroll Taxes

Statement of Condition: The agency did not pay payroll taxes for several periods.

Criteria: The federal government requires payment of payroll taxes as they are due.

Effect of Condition: The agency is indebted to the federal government.

Cause of Condition: Management stated that budget cuts in earlier years, negatively impacted the agency's cash flow and ability to pay certain outstanding liabilities.

Recommendation: Payroll taxes must be paid as due. If the agency is experiencing budget cuts then staffing and other expenditures must be reduced to a level that the organization can afford.

St. John #5 Baptist Church, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2009

08-01 Excessive Use of Journal Entries

Unresolved

Statement of Condition: There are numerous journal entry postings to the agency's general ledger.

Criteria: Industry standards support the use of check postings and deposit postings (initial source documents) as the source of transactions.

08-02 Checks Issued to "CASH"

Unresolved

Questioned Costs: \$6,119.00

Statement of Condition: There are numerous checks written to cash throughout the audit period and categorized as miscellaneous expenditures.

Criteria: Checks should be written to identifiable payees, in order to provide an audit trail for the transaction.

St. John #5 Baptist (Faith) Church

Camp ACE (Alert Community Empowerment)

3613 Hamburg St., NOLA 70122

(504) 288-3272 (ph) (504) 267-0195 (fax)

Website: www.faithlikejesus.org

Bruce A. Davenport, Sr., *Pastor/Executive Director*
Email: pastorbruce7@yahoo.com
(504) 228-3479 (c)

Gerald Joseph, Sr., *Head Deacon*
(504) 250-4666 (c)

June 30, 2010

To: Brendel Deemer, CPA
CPA and Consulting Services, LLC
P.O. Box 870847
New Orleans, LA 70187

From: St. John #5 Baptist Church

Re: Audit Findings Resolutions

Greetings,

St. John is willing to resolve the following findings (indicated in the audit report):

1) Finding: 08-01 Excessive Use of Journal Entries

Resolution: St. John will consult with the Accountant about the excessive journal entries and correct the finding.

2) Finding 8-02 Checks Issued to "CASH"

Resolution: St. John will cease to write checks to "Cash". We were informed of this matter in a previous audit, however any checks written to "Cash" were written while the previous audit was being conducted.

3) Finding 09-03 Unpaid Payroll Taxes

Resolution: St. John is currently working with the Internal Revenue Service (IRS) to establish an Offer In Compromise (OIC) to resolve its delinquent payroll taxes issue (pertaining to several years prior to current audit). Non-grant funds generated by St. John will be utilized to pay any IRS related delinquencies.

If you have any further questions, please feel free to contact me.

Cordially,
Bruce Davenport, Sr.
Pastor/Executive Director
504-228-3479
pastorbruce7@yahoo.com

Education Department
3831-33 Hamburg St., NOLA 70122
(504)288-4388(ph) (504)286-3661(f)
Email: stjohnedlit@aol.com

Recreation Department
3831-33 Hamburg St., NOLA 70122
(504)288-4388(ph) (504)286-3661(f)
Email: stjohnedlit@aol.com

Social Services/HIV Department
3829 Hamburg St., NOLA 70122
(504)283-7376(ph) (504)267-0195(f)
Email: campacehivprogram96@yahoo.com
www.myspace.com/campacehiv
www.myspace.com/campacevih (Spanish)